



***UNITED STATES
POSTAL SERVICE***

FINANCIAL & OPERATING STATEMENTS



**Accounting Period 8, PFY 2001
March 24 - April 20, 2001**

**Prepared by:
Financial Analysis**

Highlights
Accounting Period 8, FY 2001
(Millions)

| Accounting Period 8 | | | | | |
|---------------------|--------|----------------|----------|------|--------|
| Actual | Budget | Var. to Budget | % Budget | SPLY | % SPLY |

| | | | | | | |
|------------|------------|--------------|----------|------------|--------|-------------------------|
| \$ 5,253.6 | \$ 5,472.2 | [\$ - 218.6] | [- 4.0] | \$ 5,063.1 | 3.8 | Total Revenue (1) |
| 5,242.6 | 5,332.0 | - 89.4 | - 1.7 | 5,021.5 | 4.4 | Total Expense (2) |
| \$ 11.0 | \$ 140.2 | [\$ - 129.2] | - | \$ 41.6 | - | Income/(Loss) |
| \$ 47.3 | \$ 51.2 | \$ - 3.9 | - 7.6 | \$ 306.2 | - 84.6 | Capital Commitments (3) |
| 125.2 | 126.0 | - 0.9 | - 0.7 | 127.4 | - 1.8 | Total Work Hours |
| 16,082.2 | 16,455.1 | [- 372.9] | [- 2.3] | 16,188.3 | - 0.7 | Mail Volume |

| Year-to-Date | | | | | |
|--------------|--------|----------------|----------|------|--------|
| Actual | Budget | Var. to Budget | % Budget | SPLY | % SPLY |

| | | | | | |
|-------------|-------------|--------------|----------|-------------|--------|
| \$ 41,652.9 | \$ 42,404.7 | [\$ - 751.8] | [- 1.8] | \$ 40,776.9 | 2.1 |
| 41,923.6 | 41,973.4 | - 49.8 | - 0.1 | 39,707.4 | 5.6 |
| \$ - 270.7 | \$ 431.3 | [\$ - 702.0] | - | \$ 1,069.5 | - |
| \$ 566.0 | \$ 607.0 | \$ - 41.0 | - 6.8 | \$ 981.9 | - 42.4 |
| 1,011.4 | 1,008.2 | [3.2] | [0.3] | 1,020.8 | - 0.9 |
| 132,280.9 | 131,139.6 | 1,141.3 | 0.9 | 130,433.0 | 1.4 |

[] = Unfavorable variance to budget

Note: Totals may not sum due to rounding.

Note: Mail Volume numbers are preliminary numbers and are subject to change.

(1) The revenue plan reflects rates as requested in the R2000-1 Omnibus Rate Case.

(2) Please see explanation on page 6 referencing transportation expense.

(3) The capital plan was reduced from \$3.6 billion to \$2.6 billion.

| Actual Number Of: | Current Period | Last Period | SPLY |
|---|----------------|-------------|---------|
| Post Offices | 27,873 | 27,873 | 27,882 |
| Active Postal Owned Vehicles | | | |
| Administrative | 5,753 | 5,627 | 5,652 |
| Operations | 202,530 | 202,059 | 198,228 |
| Possible City Deliveries (000) | 83,597 | 83,570 | 83,096 |
| City Delivery Routes | 168,342 | 168,289 | 167,511 |
| Rural Routes | 68,319 | 68,087 | 66,367 |
| Career Employees (Excludes Inspector General) | 782,499 | 782,867 | 791,258 |
| Casual Employees | 33,483 | 34,099 | 28,004 |
| Transitional Employees | 13,812 | 13,790 | 13,011 |

Statement of Income & Expense
Accounting Period 8, FY 2001
(\$ Millions)

| Current Period | | | | | | |
|----------------|----------------|----------------|--------------|----------------|------------|---------------------------------------|
| Actual | Budget | Var. to Budget | % Budget | SPLY | % SPLY | |
| \$ 5,250.9 | \$ 5,470.2 | \$ - 219.3 | - 4.0 | \$ 5,060.7 | 3.8 | Operating Revenue * |
| <u>5,093.5</u> | <u>5,178.4</u> | <u>- 84.9</u> | <u>- 1.6</u> | <u>4,881.3</u> | <u>4.3</u> | Operating Expense |
| \$ 157.4 | \$ 291.8 | \$ - 134.4 | - | \$ 179.4 | - | Income From Operations |
| 2.7 | 2.0 | 0.7 | 32.6 | 2.4 | 11.5 | Investment Income |
| - 25.2 | - 29.7 | 4.5 | - 15.1 | - 18.6 | 35.9 | Interest Expense |
| <u>- 123.9</u> | <u>- 123.9</u> | <u>0.0</u> | <u>0.0</u> | <u>- 121.6</u> | <u>1.9</u> | Interest on Deferred Ret. Liabilities |
| \$ 11.0 | \$ 140.2 | \$ - 129.2 | - | \$ 41.6 | - | Income/(Loss) |

| Year-to-Date | | | | | | |
|-----------------|-----------------|----------------|--------------|-----------------|------------|--|
| Actual | Budget | Var. to Budget | % Budget | SPLY | % SPLY | |
| \$ 41,630.6 | \$ 42,387.7 | \$ - 757.1 | - 1.8 | \$ 40,754.3 | 2.2 | |
| <u>40,689.8</u> | <u>40,699.5</u> | <u>- 9.7</u> | <u>- 0.0</u> | <u>38,561.6</u> | <u>5.5</u> | |
| \$ 940.8 | \$ 1,688.2 | \$ - 747.4 | - | \$ 2,192.7 | - | |
| 22.3 | 17.0 | 5.3 | 31.4 | 22.6 | 0.9 | |
| - 242.4 | - 282.5 | 40.1 | - 14.2 | - 172.7 | 40.4 | |
| <u>- 991.4</u> | <u>- 991.4</u> | <u>0.0</u> | <u>0.0</u> | <u>- 973.1</u> | <u>1.9</u> | |
| \$ - 270.7 | \$ 431.3 | \$ - 702.0 | - | \$ 1,069.5 | - | |

[]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

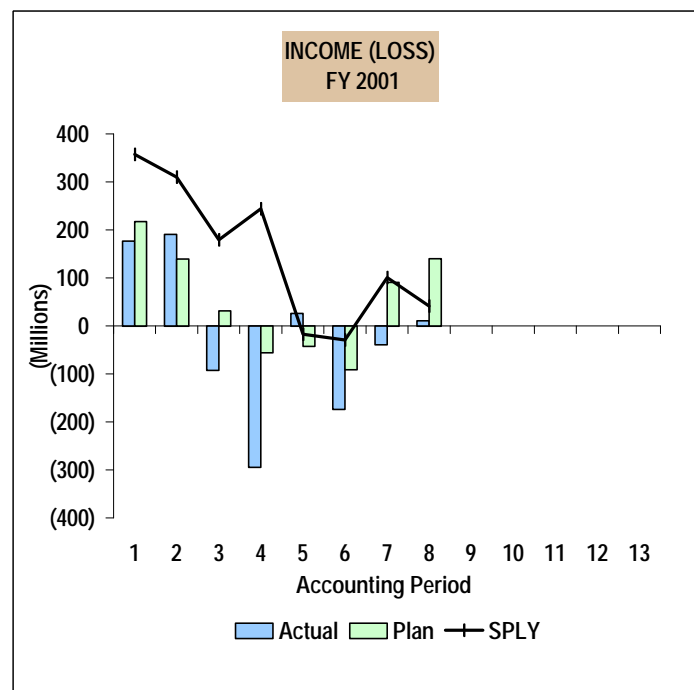
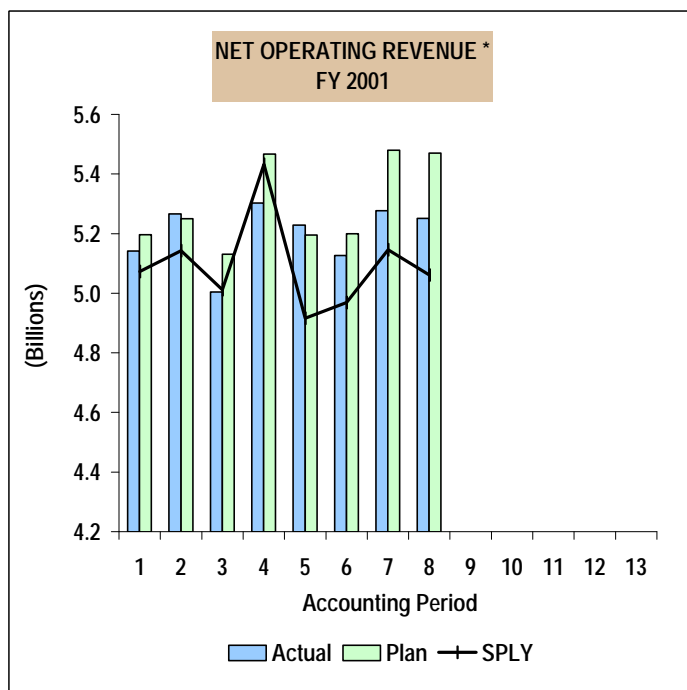
* The revenue plan reflects rates as requested in the R2000-1 Omnibus Rate Case.

| |
|---|
| MAIL VOLUME - MAIL REVENUE (Data in Thousands) |
|---|

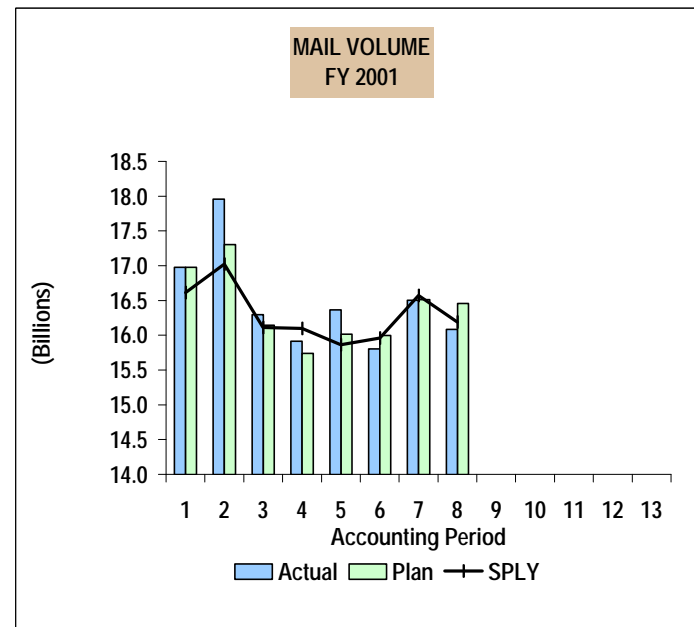
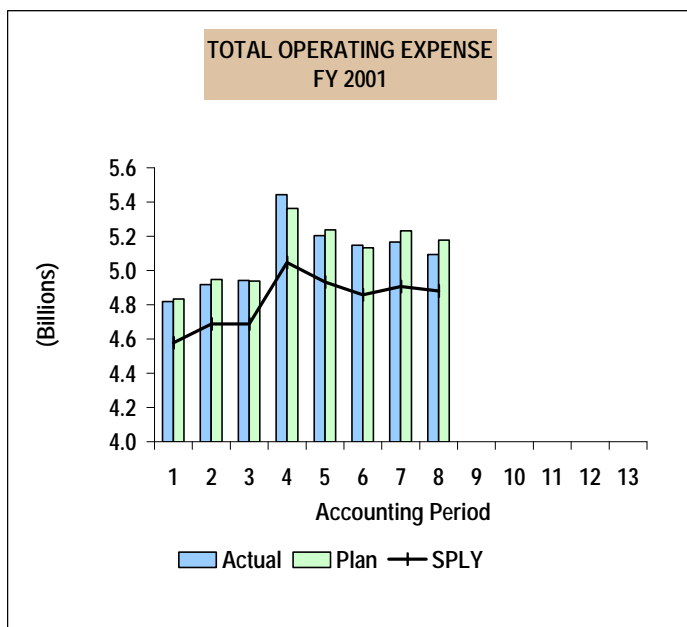
| CURRENT PERIOD | | | |
|-------------------------|------------------|------------------|--------|
| CATEGORY | AP 8, FY 2001 | AP 8, FY 2000 | % SPLY |
| FIRST-CLASS | | | |
| VOLUME | 7,946,868 | 8,002,529 | - 0.7 |
| REVENUE | \$ 2,814,047 | \$ 2,791,832 | 0.8 |
| REV/PC. | 0.3541 | 0.3489 | 1.5 |
| PRIORITY-MAIL | | | |
| VOLUME | 91,486 | 97,239 | - 5.9 |
| REVENUE | \$ 409,658 | \$ 377,221 | 8.6 |
| REV/PC. | 4.4778 | 3.8793 | 15.4 |
| EXPRESS MAIL | | | |
| VOLUME | 5,686 | 5,855 | - 2.9 |
| REVENUE | \$ 81,697 | \$ 81,775 | - 0.1 |
| REV/PC. | 14.3681 | 13.9667 | 2.9 |
| PERIODICALS | | | |
| VOLUME | 792,061 | 794,077 | - 0.3 |
| REVENUE | \$ 178,877 | \$ 170,940 | 4.6 |
| REV/PC. | 0.2258 | 0.2153 | 4.9 |
| STANDARD MAIL | | | |
| VOLUME | 7,044,825 | 7,107,948 | - 0.9 |
| REVENUE | \$ 1,261,726 | \$ 1,208,685 | 4.4 |
| REV/PC. | 0.1791 | 0.1700 | 5.3 |
| PACKAGE SERVICES | | | |
| VOLUME | 81,831 | 78,105 | 4.8 |
| REVENUE | \$ 156,394 | \$ 137,719 | 13.6 |
| REV/PC. | 1.9112 | 1.7633 | 8.4 |
| INTERNATIONAL | | | |
| VOLUME | 81,678 | 71,508 | 14.2 |
| REVENUE | \$ 134,838 | \$ 120,465 | 11.9 |
| REV/PC. | 1.6508 | 1.6846 | - 2.0 |
| ALL OTHER | | | |
| VOLUME | 37,735 | 31,033 | 21.6 |
| REVENUE | \$ 116 | \$ 124 | - 7.1 |
| ALL MAIL _1/ | | | |
| VOLUME | 16,082,172 | 16,188,294 | - 0.7 |
| REVENUE | \$ 5,037,352 | \$ 4,888,761 | 3.0 |
| REV/PC. | 0.3132 | 0.3020 | 3.7 |

_ 1/ Totals may not sum due to rounding.

_2/ Numbers are preliminary and are subject to change.



* The revenue plan reflects rates as requested in the R2000-1 Omnibus Rate Case.



REVENUE BY SOURCE
Accounting Period 8, FY 2001
(\$ Millions)

| Current Period | | | | Year-to-Date | | |
|--------------------------|--------------------------|------------|---|---------------------------|---------------------------|------------|
| Actual | SPLY | % SPLY | | Actual | SPLY | % SPLY |
| | | | Operating Revenue: | | | |
| \$ 2,046.2 | \$ 1,992.8 | 2.7 | Metered Postage | \$ 15,847.4 | \$ 15,771.9 | 0.5 |
| 886.2 | 875.7 | 1.2 | Stamps and Stamped Paper | 7,421.6 | 7,373.8 | 0.6 |
| 1,185.3 | 1,119.3 | 5.9 | Permit Imprint | 9,355.8 | 8,895.3 | 5.2 |
| 177.5 | 168.3 | 5.5 | Periodicals & Standard | 1,363.5 | 1,332.2 | 2.3 |
| 56.7 | 77.9 | - 27.2 | Official Mail | 498.0 | 656.3 | - 24.1 |
| 687.6 | 619.6 | 11.0 | Presort First-Class & Package Svc./Permit Imprint | 5,495.5 | 5,140.2 | 6.9 |
| 52.8 | 53.2 | - 0.8 | Box Rents | 422.5 | 418.6 | 0.9 |
| 14.6 | 15.3 | - 4.6 | Money Order Fees | 117.7 | 115.9 | 1.6 |
| <u>138.9</u> | <u>133.6</u> | 4.0 | Other | <u>1,067.7</u> | <u>1,010.1</u> | 5.7 |
| \$ 5,245.8 | \$ 5,055.7 | 3.8 | Subtotal | \$ 41,589.7 | \$ 40,714.3 | 2.1 |
| | | | Government Appropriation: | | | |
| <u>5.1</u> | <u>5.0</u> | 2.0 | Revenue Forgone | <u>40.9</u> | <u>40.0</u> | 2.3 |
| \$ 5,250.9 | \$ 5,060.7 | 3.8 | Total Operating Revenue | \$ 41,630.6 | \$ 40,754.3 | 2.2 |
| <u>2.7</u> | <u>2.4</u> | 11.5 | Investment Income | <u>22.3</u> | <u>22.6</u> | 0.9 |
| <u>\$ 5,253.6</u> | <u>\$ 5,063.1</u> | 3.8 | Total Revenue | <u>\$ 41,652.9</u> | <u>\$ 40,776.9</u> | 2.1 |

Note: Totals may not sum due to rounding.

REVENUE BY CATEGORY
Accounting Period 8, FY 2001
(\$ Millions)

| Current Period | | | | Year-to-Date | | |
|-------------------|-------------------|----------------|--|--------------------|--------------------|----------------|
| Actual | Budget | % Budget | | Actual | Budget | % Budget |
| | | | Commercial Revenue | | | |
| \$ 2,097.7 | \$ 2,393.5 | [12.4] | Permit Revenue | \$ 16,655.5 | \$ 17,932.2 | [7.1] |
| <u>1,805.9</u> | <u>1,712.8</u> | 5.4 | Other Commercial Accounts Revenue | <u>14,091.2</u> | <u>13,413.2</u> | 5.1 |
| \$ 3,903.6 | \$ 4,106.3 | [4.9] | Total Commercial Revenue | \$ 30,746.7 | \$ 31,345.4 | [1.9] |
| | | | Retail Revenue | | | |
| 1,116.0 | 1,092.3 | 2.2 | Retail Postage Revenue | 8,855.6 | 8,815.6 | 0.5 |
| 73.7 | 75.3 | [2.1] | Retail Services Revenue | 576.2 | 592.7 | [2.8] |
| 8.1 | 12.4 | [34.5] | Retail Products Revenue | 84.6 | 101.9 | [17.0] |
| <u>103.4</u> | <u>135.7</u> | [23.8] | Other Retail Channels Revenue | <u>1,059.6</u> | <u>1,141.3</u> | [7.2] |
| \$ 1,301.2 | \$ 1,315.7 | [1.1] | Total Retail Revenue | \$ 10,576.0 | \$ 10,651.5 | [0.7] |
| \$ 5,204.8 | \$ 5,422.0 | [4.0] | Total Commercial & Retail Revenue | \$ 41,322.7 | \$ 41,996.9 | [1.6] |
| 41.0 | 43.1 | [5.0] | Other Income | 267.0 | 349.7 | [23.6] |
| <u>5.1</u> | <u>5.1</u> | 0.0 | Revenue Forgone | <u>40.9</u> | <u>41.1</u> | [0.5] |
| \$ 5,250.9 | \$ 5,470.2 | [4.0] | Total Operating Revenue | \$ 41,630.6 | \$ 42,387.7 | [1.8] |
| <u>2.7</u> | <u>2.0</u> | 32.6 | Investment Income | <u>22.3</u> | <u>17.0</u> | 31.4 |
| \$ 5,253.6 | \$ 5,472.2 | [4.0] | Total Revenue * | \$ 41,652.9 | \$ 42,404.7 | [1.8] |

[]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

* The revenue plan reflects rates as requested in the R2000-1 Omnibus Rate Case.

EXPENSE ANALYSIS
Accounting Period 8, FY 2001
(\$ Millions)

| Current Period | | | | | |
|----------------|--------|----------------|----------|------|--------|
| Actual | Budget | Var. to Budget | % Budget | SPLY | % SPLY |

| | | | | | | |
|------------|------------|-----------|-------|------------|-----|------------------------|
| \$ 4,039.2 | \$ 4,054.3 | \$ - 15.1 | - 0.4 | \$ 3,857.5 | 4.7 | Personnel Compensation |
|------------|------------|-----------|-------|------------|-----|------------------------|

Non-Personnel Expense:

| | | | | | | |
|-------------------|-------------------|------------------|--------------|-------------------|------------|---------------------------------------|
| 372.6 | 358.1 | [14.5] | [- 4.0] | 364.1 | 2.4 | Transportation |
| * 220.5 | 278.9 | - 58.4 | - 21.0 | 260.0 | - 15.2 | Supplies & Services |
| 461.2 | 487.1 | - 25.9 | - 5.3 | 399.7 | 15.4 | Other |
| <u>\$ 1,054.3</u> | <u>\$ 1,124.1</u> | <u>\$ - 69.8</u> | <u>- 6.2</u> | <u>\$ 1,023.8</u> | <u>3.0</u> | Subtotal |
| <u>\$ 5,093.5</u> | <u>\$ 5,178.4</u> | <u>\$ - 84.9</u> | <u>- 1.6</u> | <u>\$ 4,881.3</u> | <u>4.3</u> | Total Operating Expense |
| 25.2 | 29.7 | - 4.5 | - 15.1 | 18.6 | 35.9 | Interest Expense |
| 123.9 | 123.9 | 0.0 | 0.0 | 121.6 | 1.9 | Interest on Deferred Ret. Liabilities |
| <u>\$ 5,242.6</u> | <u>\$ 5,332.0</u> | <u>\$ - 89.4</u> | <u>- 1.7</u> | <u>\$ 5,021.5</u> | <u>4.4</u> | Total Expense |

| Year-to-Date | | | | | |
|--------------|--------|----------------|----------|------|--------|
| Actual | Budget | Var. to Budget | % Budget | SPLY | % SPLY |

| | | | | | |
|-------------|-------------|-------------|---------|-------------|-----|
| \$ 32,131.2 | \$ 31,999.2 | [\$ 132.0] | [0.4] | \$ 30,427.3 | 5.6 |
|-------------|-------------|-------------|---------|-------------|-----|

| | | | | | |
|---------|---------|-----------|---------|---------|-----|
| 3,222.2 | 3,027.1 | [195.1] | [6.4] | 2,942.4 | 9.5 |
|---------|---------|-----------|---------|---------|-----|

| | | | | | |
|---------|---------|---------|-------|---------|-------|
| 1,813.1 | 2,008.6 | - 195.5 | - 9.7 | 1,900.6 | - 4.6 |
|---------|---------|---------|-------|---------|-------|

| | | | | | |
|---------|---------|---------|-------|---------|-----|
| 3,523.3 | 3,664.6 | - 141.3 | - 3.9 | 3,291.3 | 7.0 |
|---------|---------|---------|-------|---------|-----|

| | | | | | |
|-------------------|-------------------|-------------------|--------------|-------------------|------------|
| <u>\$ 8,558.6</u> | <u>\$ 8,700.3</u> | <u>\$ - 141.7</u> | <u>- 1.6</u> | <u>\$ 8,134.3</u> | <u>5.2</u> |
|-------------------|-------------------|-------------------|--------------|-------------------|------------|

| | | | | | |
|--------------------|--------------------|-----------------|--------------|--------------------|------------|
| <u>\$ 40,689.8</u> | <u>\$ 40,699.5</u> | <u>\$ - 9.7</u> | <u>- 0.0</u> | <u>\$ 38,561.6</u> | <u>5.5</u> |
|--------------------|--------------------|-----------------|--------------|--------------------|------------|

| | | | | | |
|-------|-------|--------|--------|-------|------|
| 242.4 | 282.5 | - 40.1 | - 14.2 | 172.7 | 40.4 |
|-------|-------|--------|--------|-------|------|

| | | | | | |
|-------|-------|-----|-----|-------|-----|
| 991.4 | 991.4 | 0.0 | 0.0 | 973.1 | 1.9 |
|-------|-------|-----|-----|-------|-----|

| | | | | | |
|--------------------|--------------------|------------------|--------------|--------------------|------------|
| <u>\$ 41,923.6</u> | <u>\$ 41,973.4</u> | <u>\$ - 49.8</u> | <u>- 0.1</u> | <u>\$ 39,707.4</u> | <u>5.6</u> |
|--------------------|--------------------|------------------|--------------|--------------------|------------|

[]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

* In Fiscal Year (FY) 2001, the Postal Service began accruing for the cost of holiday transportation when incurred, rather than recognizing the expense when paid. The impact of this change in accounting policy is to increase the reported growth in AP 4 transportation expenses by \$137 million, relative to the same period last year (SPLY). Future accounting periods in FY 2001 will also be less comparable to the prior year, as the reported growth will be slightly lower than it otherwise would have been, compared to SPLY.

ANALYSIS OF OPERATING EXPENSES
Accounting Period 8, FY 2001
Personnel Compensation
(\$ Millions)

| Current Period | | | | | | | Year-to-Date | | | | | |
|-------------------|-------------------|------------------|--------------|-------------------|------------|--------------------------------------|--------------------|--------------------|--------------------|----------------|--------------------|------------|
| Actual | Budget | Var. to Budget | % Budget | SPLY * | % SPLY | | Actual | Budget | Var. to Budget | % Budget | SPLY | % SPLY |
| | | | | | | <u>Total Compensation</u> | | | | | | |
| | | | | | | Operations: | | | | | | |
| \$ 27.8 | \$ 29.1 | \$ - 1.3 | - 4.4 | \$ 27.7 | 0.3 | -Support | \$ 213.8 | \$ 223.4 | \$ - 9.6 | - 4.3 | \$ 212.1 | 0.8 |
| 873.7 | 888.5 | - 14.8 | - 1.7 | 889.1 | - 1.7 | -Mail Processing | 7,218.1 | 7,262.1 | - 44.1 | - 0.6 | 7,225.0 | - 0.1 |
| 320.9 | 323.4 | - 2.4 | - 0.8 | 303.7 | 5.7 | -Rural Delivery | 2,499.1 | 2,465.9 | [33.1] | [1.3] | 2,318.1 | 7.8 |
| 1,133.5 | 1,131.1 | [2.4] | [0.2] | 1,078.2 | 5.1 | -Other Delivery | 9,002.5 | 8,897.6 | [104.9] | [1.2] | 8,475.9 | 6.2 |
| 80.4 | 81.2 | - 0.9 | - 1.1 | 78.4 | 2.4 | -Vehicles Services | 641.0 | 642.5 | - 1.5 | - 0.2 | 619.1 | 3.5 |
| 197.5 | 204.6 | - 7.1 | - 3.5 | 192.3 | 2.7 | -Plant & Equip Maint | 1,567.2 | 1,599.9 | - 32.7 | - 2.0 | 1,500.0 | 4.5 |
| 578.6 | 582.2 | - 3.6 | - 0.6 | 581.3 | - 0.5 | -Customer Services | 4,707.7 | 4,703.1 | [4.7] | [0.1] | 4,614.4 | 2.0 |
| 23.2 | 26.4 | - 3.3 | - 12.3 | 24.0 | - 3.5 | Controller | 184.0 | 204.6 | - 20.6 | - 10.1 | 186.3 | - 1.3 |
| 25.7 | 28.3 | - 2.6 | - 9.1 | 25.6 | 0.7 | Human Resources | 199.0 | 216.4 | - 17.5 | - 8.1 | 197.2 | 0.9 |
| 32.8 | 35.0 | - 2.2 | - 6.4 | 33.6 | - 2.5 | Customer Service & Sales | 259.4 | 275.5 | - 16.1 | - 5.8 | 294.6 | - 12.0 |
| 166.7 | 166.7 | - 0.0 | - 0.0 | 163.0 | 2.2 | Administration | 1,282.1 | 1,272.3 | [9.8] | [0.8] | 1,251.6 | 2.4 |
| 157.2 | 147.9 | [9.3] | [6.3] | 144.7 | 8.6 | Other Salaries & Benefits | 1,206.7 | 1,139.9 | [66.9] | [5.9] | 1,032.8 | 16.8 |
| \$ 3,617.9 | \$ 3,644.5 | \$ - 26.4 | - 0.7 | \$ 3,541.7 | 2.2 | Total Salaries & Benefits | \$ 28,980.5 | \$ 28,903.2 | [\$ 77.3] | [0.3] | \$ 27,927.1 | 3.8 |
| 78.7 | 78.7 | - 0.0 | - 0.0 | 70.0 | 12.5 | Workers' Compensation | 632.0 | 602.5 | [29.5] | [4.9] | 559.6 | 12.9 |
| 5.6 | 5.6 | [0.0] | [0.0] | 3.1 | 80.4 | Unemployment Compensation | 45.0 | 45.0 | [0.0] | [0.0] | 24.3 | 85.2 |
| 107.4 | 107.4 | 0.0 | 0.0 | 99.2 | 8.3 | Deferred Retirement Cost | 858.8 | 858.8 | 0.0 | 0.0 | 793.4 | 8.2 |
| 61.3 | 61.3 | 0.0 | 0.0 | 52.0 | 17.9 | CSRS Annuitant COLA | 490.1 | 490.1 | 0.0 | 0.0 | 415.6 | 17.9 |
| 66.0 | 66.0 | 0.0 | 0.0 | 57.0 | 15.7 | Annuitant Health Benefits | 528.0 | 528.0 | 0.0 | 0.0 | 456.2 | 15.7 |
| 102.2 | 90.8 | [11.5] | [12.6] | 34.5 | 196.3 | Other Compensation | 596.8 | 571.6 | [25.2] | [4.4] | 251.1 | 137.7 |
| \$ 4,039.2 | \$ 4,054.3 | \$ - 15.1 | - 0.4 | \$ 3,857.5 | 4.7 | Total Personnel Compensation | \$ 32,131.2 | \$ 31,999.2 | [\$ 132.0] | [0.4] | \$ 30,427.3 | 5.6 |

[]=Unfavorable variance to budget

* Recasted Data

Note: Totals may not sum due to rounding.

ANALYSIS OF NON-PERSONNEL EXPENSES
Accounting Period 8, FY 2001
(\$ Millions)

| Current Period | | | | | | | Description | Year-to-Date | | | | | | | | | | | | | | | | | | | | | | |
|----------------|---------|----------------|---------|----------|--------|--------|-------------|--------------|---------|----------------|--------|----------|--------------------------------|--------|--|--|----|---------|---------|---------|---------|---------|---------|--------|-------|---------|---------|---------|-------|--------|
| Actual | Budget | Var. to Budget | | % Budget | SPLY * | % SPLY | | Actual | Budget | Var. to Budget | | % Budget | SPLY * | % SPLY | | | | | | | | | | | | | | | | |
| \$ | 372.6 | \$ | 358.1 | [\$ | 14.5] | [| 4.1] | \$ | 364.1 | | 2.4 | | | | | | \$ | 3,222.2 | \$ | 3,027.1 | [\$ | 195.0] | [| 6.4] | \$ | 2,942.4 | | 9.5 | | |
| | 220.5 | | 278.9 | | - 58.5 | | - 21.0 | | 260.0 | | - 15.2 | | | | | | | | 1,813.1 | | 2,008.6 | | - 195.5 | | - 9.7 | | 1,900.6 | | - 4.6 | |
| | 168.0 | | 176.0 | | - 8.0 | | - 4.5 | | 153.0 | | 9.8 | | | | | | | | | 1,331.4 | | 1,351.4 | | - 20.0 | | - 1.5 | | 1,244.1 | | 7.0 |
| | 72.5 | | 76.8 | | - 4.3 | | - 5.6 | | 68.6 | | 5.6 | | | | | | | | | 517.7 | | 544.2 | | - 26.5 | | - 4.9 | | 490.5 | | 5.5 |
| | 39.2 | | 38.7 | [| 0.5] | [| 1.4] | | 33.7 | | 16.2 | | | | | | | | | 309.2 | | 297.6 | [| 11.6] | [| 3.9] | | 261.2 | | 18.4 |
| | 31.2 | | 30.7 | [| 0.5] | [| 1.5] | | 27.8 | | 12.0 | | | | | | | | | 238.2 | | 235.0 | [| 3.2] | [| 1.4] | | 213.7 | | 11.5 |
| | 33.5 | | 31.6 | [| 1.9] | [| 6.2] | | 31.1 | | 7.9 | | | | | | | | | 268.3 | | 240.9 | [| 27.4] | [| 11.4] | | 223.6 | | 20.0 |
| | 27.8 | | 29.9 | | - 2.1 | | - 7.2 | | 18.8 | | 47.9 | | | | | | | | | 171.1 | | 227.9 | | - 56.7 | | - 24.9 | | 178.0 | | - 3.9 |
| | 9.1 | | 17.6 | | - 8.6 | | - 48.5 | | 13.2 | | - 31.2 | | | | | | | | | 88.4 | | 121.1 | | - 32.7 | | - 27.0 | | 106.9 | | - 17.4 |
| | 5.1 | | 5.4 | | - 0.3 | | - 5.5 | | 5.1 | | - 0.7 | | | | | | | | | 42.0 | | 42.9 | | - 0.9 | | - 2.1 | | 39.8 | | 5.5 |
| | 13.2 | | 15.6 | | - 2.4 | | - 15.5 | | 14.1 | | - 6.8 | | | | | | | | | 84.1 | | 107.1 | | - 23.0 | | - 21.4 | | 88.3 | | - 4.7 |
| | 18.1 | | 19.2 | | - 1.2 | | - 6.0 | | 18.9 | | - 4.6 | | | | | | | | | 125.5 | | 143.5 | | - 17.9 | | - 12.5 | | 156.3 | | - 19.7 |
| | 5.6 | | 5.8 | | - 0.2 | | - 3.4 | | 5.6 | | 0.2 | | | | | | | | | 41.5 | | 42.6 | | - 1.0 | | - 2.4 | | 41.6 | | - 0.3 |
| | 3.3 | | 3.7 | | - 0.4 | | - 10.2 | | 3.6 | | - 7.2 | | | | | | | | | 20.3 | | 25.6 | | - 5.2 | | - 20.5 | | 25.0 | | - 18.7 |
| | 5.9 | | 7.7 | | - 1.8 | | - 23.6 | | 4.5 | | 31.2 | | | | | | | | | 40.3 | | 53.4 | | - 13.1 | | - 24.6 | | 30.5 | | 32.3 |
| | 4.8 | | 5.2 | | - 0.3 | | - 6.2 | | 5.1 | | - 4.7 | | | | | | | | | 35.5 | | 40.9 | | - 5.5 | | - 13.3 | | 37.6 | | - 5.5 |
| | 3.7 | | 3.5 | [| 0.2] | [| 4.3] | | 4.2 | | - 11.3 | | | | | | | | | 30.9 | | 28.0 | [| 2.8] | [| 10.0] | | 28.7 | | 7.3 |
| | 4.6 | | 4.1 | [| 0.5] | [| 12.1] | | 4.2 | | 11.0 | | | | | | | | | 32.4 | | 31.5 | [| 0.9] | [| 3.0] | | 26.1 | | 24.5 |
| | - 4.1 | | - 5.0 | [| 0.9] | [| 18.9] | | - 3.9 | | - 4.6 | | | | | | | | | - 35.0 | | - 40.0 | [| 5.0] | [| 12.5] | | - 32.6 | | - 7.5 |
| | 19.7 | | 20.6 | | - 0.9 | | - 4.2 | | - 8.0 | | - | | | | | | | | | 181.5 | | 171.0 | [| 10.5] | [| 6.1] | | 131.8 | | - |
| \$ | 1,054.3 | \$ | 1,124.1 | \$ | - 69.8 | | - 6.2 | \$ | 1,023.8 | | 3.0 | | Total Other Operating Expenses | | | | \$ | 8,558.6 | \$ | 8,700.3 | \$ | - 141.7 | | - 1.6 | \$ | 8,134.3 | | 5.2 | | |

[]=Unfavorable variance to budget

* Recasted Data

Note: Totals may not sum due to rounding.

| STATEMENT OF FINANCIAL POSITION | | | |
|--|-------------------|-------------------|-------------------------|
| Accounting Period 8, FY 2001 | | | |
| (\$ Millions) | | | |
| Assets | April 20, 2001 | March 23, 2001 | September 30, 2000 * |
| Current Assets: | | | |
| Cash and cash equivalents _1/ | \$ 92 | \$ 77 | \$ 677 |
| U.S. Government securities, at amortized cost which approximates market | 6 | 6 | 6 |
| Receivables: | | | |
| Foreign countries | 390 | 381 | 349 |
| U.S. Government | 138 | 132 | 134 |
| Other | <u>226</u> | <u>226</u> | <u>213</u> |
| | 754 | 739 | 696 |
| Less allowances | <u>116</u> | <u>114</u> | <u>107</u> |
| | 638 | 625 | 589 |
| Supplies, advances and prepayments | <u>369</u> | <u>373</u> | <u>383</u> |
| Total Current Assets | 1,105 | 1,081 | 1,655 |
| Other assets _2/ | 375 | 375 | 375 |
| Property and equipment, at cost: | | | |
| Buildings | 18,470 | 18,406 | 17,685 |
| Equipment | 14,572 | 14,443 | 13,973 |
| Land | <u>2,644</u> | <u>2,635</u> | <u>2,534</u> |
| | 35,686 | 35,484 | 34,192 |
| Less allowances for depreciation | <u>14,059</u> | <u>13,946</u> | <u>13,143</u> |
| | 21,627 | 21,538 | 21,049 |
| Construction in progress | 2,463 | 2,527 | 2,389 |
| Leasehold improvements, net | <u>666</u> | <u>670</u> | <u>632</u> |
| | 24,756 | 24,735 | 24,070 |
| Deferred Retirement Costs _3/ | <u>33,204</u> | <u>33,372</u> | <u>32,183</u> |
| Total Assets | \$ 59,440 | \$ 59,563 | \$ 58,283 |

_1/ Includes securities with maturities of 90 days or less in accordance with Statement of Financial Accounting Standards (SFAS) No. 95.

_2/ Includes \$373 million as of September 30, 2000, March 23, 2001 and April 20, 2001 for appropriation receivable for revenue forgone.

_3/ Represents the Postal Service's deferred retirement liability to OPM for increases in basic pay and annuitants' COLAs. Amounts applicable to future periods are capitalized as deferred retirement costs and amortized over 30 years for basic pay and 15 years for annuitants' COLAs.

* Audited year-end data

STATEMENT OF FINANCIAL POSITION
Accounting Period 8, FY 2001
(\$ Millions)

| Liabilities and Equities | April 20, 2001 | March 23, 2001 | September 30, 2000 * |
|---|---------------------------|---------------------------|---------------------------------|
| Current Liabilities: | | | |
| Compensation and employees' benefits | \$ 6,180 | \$ 6,045 | \$ 5,295 |
| Estimated prepaid postage | 1,610 | 1,634 | 1,594 |
| Payables and accrued expenses: | | | |
| Foreign countries | 469 | 451 | 439 |
| U.S. Government | 191 | 163 | 150 |
| Other | <u>2,285</u> | <u>2,407</u> | <u>1,300</u> |
| | 2,945 | 3,021 | 1,889 |
| Appropriation for free & reduced rate mail | 30 | 35 | 0 |
| Prepaid permit mail and box rentals | 1,532 | 1,547 | 1,969 |
| Outstanding postal money orders | 953 | 865 | 716 |
| Current portion of debt | <u>1,832</u> | <u>2,238</u> | <u>6,814</u> |
| Total Current Liabilities | 15,082 | 15,385 | 18,277 |
| Long-term debt, less current portion | 4,552 | 4,552 | 2,502 |
| Other Liabilities: | | | |
| Amounts payable for retirement benefits _3/ | 32,275 | 32,275 | 30,212 |
| Workers' compensation claims | 5,584 | 5,506 | 5,029 |
| Employees' accumulated leave | 2,003 | 1,932 | 2,090 |
| Other | <u>1,111</u> | <u>1,101</u> | <u>819</u> |
| Total Other Liabilities | 40,973 | 40,814 | 38,150 |
| Capital Contributions of the US Government | 3,034 | 3,034 | 3,034 |
| Deficit Since Reorganization | <u>- 4,201</u> | <u>- 4,222</u> | <u>- 3,680</u> |
| Equity/Capital Deficiency | <u>- 1,167</u> | <u>- 1,188</u> | <u>- 646</u> |
| Total Liabilities and Equity | <u>\$ 59,440</u> | <u>\$ 59,563</u> | <u>\$ 58,283</u> |

_3/ Represents the Postal Service's deferred retirement liability to OPM for increases in basic pay and annuitants' COLAs. Amounts applicable to future periods are capitalized as deferred retirement costs and amortized over 30 years for basic pay and 15 years for annuitants' COLAs.

* Audited year-end data

CAPITAL INVESTMENTS
FY 2001
(\$ Millions)

| MAJOR CATEGORIES | COMMITMENTS | | | EXPENDITURES | | |
|---|---------------------|-----------------|-----------------|---------------------|-------------------|-------------------|
| | A/P 08 Year-to-Date | | | A/P 08 Year-to-Date | | |
| | ACTUAL | PLAN | SPLY | ACTUAL | PLAN | SPLY |
| CONSTRUCTION AND BUILDING PURCHASE | \$ 90.7 | \$ 112.0 | \$ 223.4 | \$ 406.8 | \$ 502.8 | \$ 492.9 |
| BUILDING IMPROVEMENTS | 132.4 | 146.6 | 246.7 | 326.7 | 381.1 | 420.8 |
| MAIL PROCESSING EQUIPMENT | 175.9 | 165.9 | 160.3 | 517.9 | 442.7 | 534.4 |
| VEHICLES | 36.5 | 23.8 | 29.8 | 175.8 | 118.8 | 38.4 |
| RETAIL EQUIPMENT | 30.2 | 39.2 | 184.7 | 149.8 | 121.5 | 132.0 |
| POSTAL SUPPORT EQUIPMENT | 100.3 | 119.4 | 137.0 | 227.0 | 315.8 | 207.1 |
| TOTAL COMMITMENTS/EXPENDITURES * | \$ 566.0 | \$ 607.0 | \$ 981.9 | \$ 1,803.9 | \$ 1,882.8 | \$ 1,825.6 |

Note: Totals may not sum due to rounding.

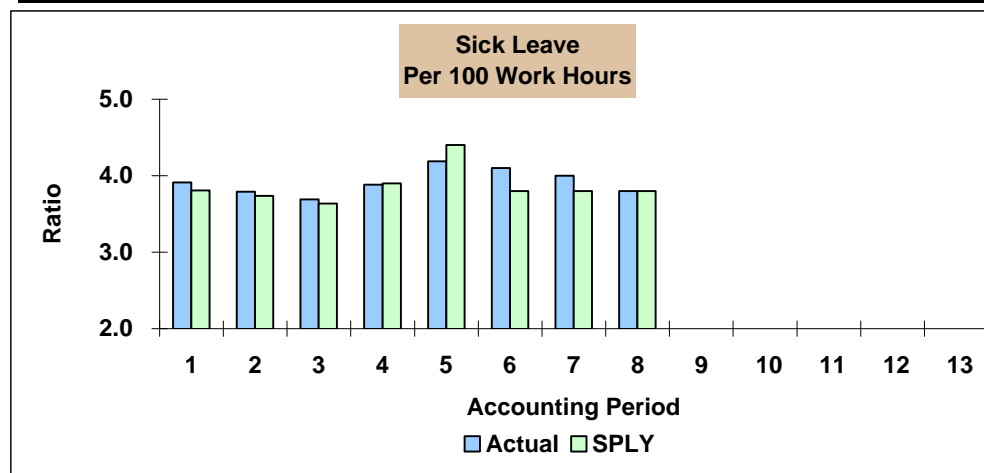
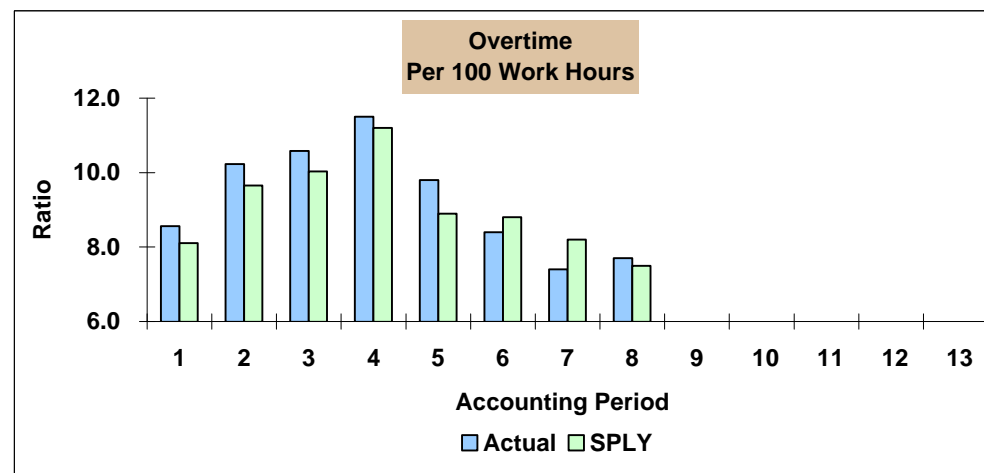
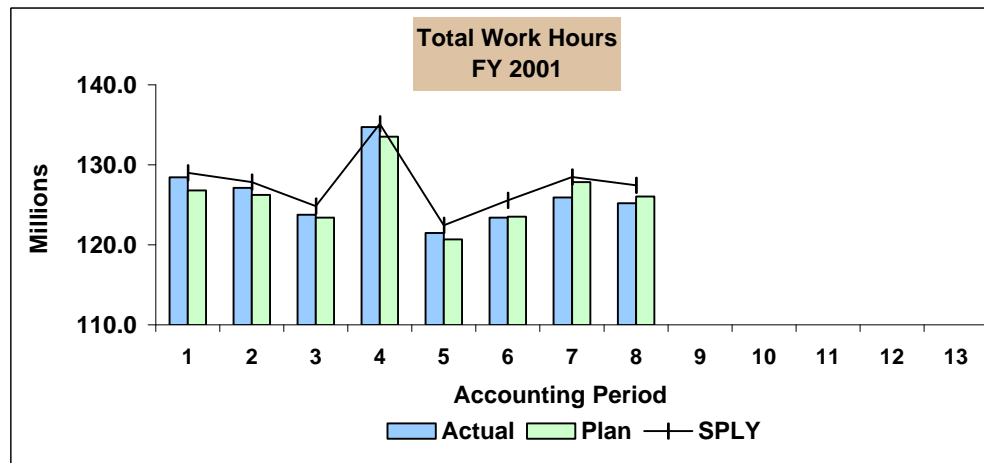
* The capital plan was reduced from \$3.6 billion to \$2.6 billion.

RESOURCES ON ORDER
(\$ Millions)

| MAJOR CATEGORIES | April 20, 2001 | September 30, 2000 |
|------------------------------------|-------------------|-----------------------|
| CONSTRUCTION AND BUILDING PURCHASE | \$ 372.2 | \$ 693.2 |
| BUILDING IMPROVEMENTS | 245.7 | 458.1 |
| MAIL PROCESSING EQUIPMENT | 1,255.0 | 1,617.0 |
| VEHICLES | 235.3 | 375.2 |
| RETAIL EQUIPMENT | 109.0 | 228.7 |
| POSTAL SUPPORT EQUIPMENT | 137.3 | 269.2 |
| INVENTORIES | 181.9 | 230.2 |
| RESEARCH AND DEVELOPMENT | 46.5 | 38.9 |
| MISCELLANEOUS EXPENSE COMMITMENTS | 3,534.5 | 3,463.1 |
| TOTAL RESOURCES ON ORDER | \$ 6,117.5 | \$ 7,373.5 |

Note: Totals may not sum due to rounding.

| STATEMENT OF CASH FLOWS (\$ Millions) | |
|---|----------------|
| For the Fiscal Year through April 20, 2001 | |
| Cash flows from operating activities: | |
| Net income/(loss) (Government Fiscal Year Basis) | \$ (521) |
| Adjustments to reconcile net income/(loss) to net cash provided/(used) by operating activities: | |
| Depreciation and amortization | 1,221 |
| Increase/(decrease) in other liabilities | 292 |
| Increase/(decrease) in employees' accumulated leave | (87) |
| Increase/(decrease) in non-current workers' compensation claims | 555 |
| Increase/(decrease) in retirement, net | 1,042 |
| Changes in current assets and liabilities: | |
| Increase/(decrease) in accrued compensation and benefits | 885 |
| Increase/(decrease) in deferred revenue | (391) |
| Increase/(decrease) in payables and accrued expenses | 1,056 |
| (Increase)/decrease in receivables | (49) |
| (Increase)/decrease in supplies, advances and prepayments | 14 |
| Increase/(decrease) in outstanding postal money orders | 237 |
| Net cash provided by operating activities | 4,254 |
| Cash flows from investing activities: | |
| Sale/(purchase) of U.S. Government securities, net | 0 |
| Purchase of property and equipment, net | (1,907) |
| Net cash used in investing activities | (1,907) |
| Cash flows from financing activities: | |
| Increase/(decrease) in debt | (2,932) |
| (Increase)/decrease in other non-current assets | 0 |
| Net cash used by financing activities | (2,932) |
| Net (decrease)/increase in cash and cash equivalents | (585) |
| Cash and cash equivalents at beginning of period | 677 |
| Cash and cash equivalents at end of period | \$ 92 |



WORK HOURS & OVERTIME/SICK LEAVE RATIOS
Accounting Period 8, FY 2001
(Data in Thousands)

| Current Period | | | | | | Year-to-Date | | | | |
|----------------|----------------|----------|---------|--------|--------------------------|--------------|----------------|----------|-----------|--------|
| Actual | Var. to Budget | % Budget | SPLY * | % SPLY | | Actual | Var. to Budget | % Budget | SPLY * | % SPLY |
| | | | | | <u>Total Work Hours</u> | | | | | |
| 783 | - 31 | - 3.8 | 814 | - 3.8 | Operations: | 6,030 | - 245 | - 3.9 | 6,237 | - 3.3 |
| 31,343 | - 306 | - 1.0 | 32,485 | - 3.5 | -Support | 263,058 | [662] | [0.3] | 271,678 | - 3.2 |
| 13,656 | - 102 | - 0.7 | 13,383 | 2.0 | -Mail Processing | 106,149 | [85] | [0.1] | 103,053 | 3.0 |
| 38,038 | [147] | [0.4] | 38,437 | - 1.0 | -Rural Delivery | 304,567 | [3,245] | [1.1] | 305,014 | - 0.1 |
| 2,629 | - 29 | - 1.1 | 2,639 | - 0.4 | -Other Delivery | 20,936 | - 98 | - 0.5 | 20,996 | - 0.3 |
| 6,559 | - 262 | - 3.8 | 6,553 | 0.1 | -Vehicles Services | 51,790 | - 1,351 | - 2.5 | 51,444 | 0.7 |
| 20,156 | - 199 | - 1.0 | 20,852 | - 3.3 | -Plant & Equip Maint | 164,178 | - 397 | - 0.2 | 167,168 | - 1.8 |
| 715 | - 101 | - 12.3 | 766 | - 6.6 | -Customer Services | 5,687 | - 624 | - 9.9 | 5,979 | - 4.9 |
| 749 | - 58 | - 7.1 | 767 | - 2.3 | Controller | 5,812 | - 400 | - 6.4 | 5,964 | - 2.5 |
| 1,067 | - 70 | - 6.2 | 1,125 | - 5.2 | Human Resources | 8,441 | - 505 | - 5.6 | 9,767 | - 13.6 |
| 5,346 | [13] | [0.2] | 5,395 | - 0.9 | Customer Service & Sale: | 41,389 | [197] | [0.5] | 41,879 | - 1.2 |
| 4,153 | [144] | [3.6] | 4,222 | - 1.6 | Administration | 33,365 | [2,673] | [8.7] | 31,618 | 5.5 |
| 125,194 | - 854 | - 0.7 | 127,438 | - 1.8 | Other | 1,011,402 | [3,242] | [0.3] | 1,020,797 | - 0.9 |
| | | | | | <u>Total Work Hours</u> | | | | | |

| Overtime | | | | | | |
|----------|--------|------|--------------------------------------|--------|--------|------|
| Actual | Budget | SPLY | | Actual | Budget | SPLY |
| 7.7% | 7.5% | 8.3% | Overtime Ratio Per 100 Work Hours | 9.3% | 8.6% | 9.2% |

| Sick Leave | | | | | | |
|------------|--------|------|--|--------|--------|------|
| Actual | Budget | SPLY | | Actual | Budget | SPLY |
| 3.8% | -- | 3.8% | Sick Leave Ratio Per 100 Work Hours | 4.0% | -- | 3.9% |

[]=Unfavorable variance to budget

* Recasted Data

Note: Totals may not sum due to rounding.